

## Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 SSO-00 NSCE-00 INRE-00 PM-04 NSC-05  
SP-02 SS-15 CIAE-00 INR-07 NSAE-00 H-01 PRS-01  
EB-08 AID-05 IGA-02 OMB-01 TRSE-00 XMB-02 AGRE-00  
DHA-02 SNM-02 DEAE-00 DODE-00 L-03 USIE-00 /071 W  
-----301426Z 081660 /44

O 301148Z APR 77  
FM AMEMBASSY ISLAMABAD  
TO SECSTATE WASHDC NIACT IMMEDIATE 1316

S E C R E T SECTION 1 OF 2 ISLAMABAD 4385

E.O. 11652: XGDS  
TAGS: PK, PFOR, US  
SUBJECT: POLICY RECOMMENDATION IN WAKE BHUTTO SPEECH

REFERENCE: ISLAMABAD 4194

1. DRAWING UP RECOMMENDATIONS FOR US POLICY TOWARD PAKISTAN IN THE WAKE OF BHUTTO'S APRIL 28 SPEECH IS MADE MORE DIFFICULT BY THE FACT THAT IN THIS SPEECH THE PM DID NOT ADDRESS THE QUESTION OF WHAT HE WANTS OUR RELATIONSHIP WITH PAKISTAN TO BE. ALTHOUGH THE FOREIGN SECRETARY HAS SINCE ASSURED THE CHARGE THAT THE GOP WANTS TO MAINTAIN AND STRENGTHEN US-PAK RELATIONS, THE RELIABILITY OF SUCH ASSURANCES MUST BE QUESTIONED IN LIGHT OF THE DOMESTIC POLITICAL CONSIDERATIONS WHICH MOTIVATED THE SPEECH. KNOWING WHAT WE DO ABOUT BHUTTO'S DIFFICULT POLITICAL POSITION AND HIS REPUTATION AS A RUTHLESS POLITICAL INFIGHTER, WE WOULD ASSUME THAT HIS FUTURE MOVES VIS-A-VIS THE UNITED STATES WOULD BE DETERMINED LARGELY BY HIS APPRECIATION OF HIS POLITICAL NEEDS OF THE MOMENT. IT IS CERTAINLY ARGUABLE GIVEN WHAT APPEARS TO BE HIS ALMOST DAY TO DAY APPROACH IN DEALING WITH THE POLITICAL CRISIS THAT IN MAKING HIS ATTACK ON US HE HAD NO PARTICULAR DESIGN IN MIND FOR A NEW US-PAKK RELATIONSHIP.

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2. WHATEVER MAY BE BHUTTO'S CONCEPT, IF ANY, OF THE EVENTUAL CHARACTER OF OUR TIES WITH PAKISTAN, THE ALLEGATIONS HE MADE IN HIS SPEECH INEVITABLY DRAMATICALLY COLOR THESE RELATIONS AND BRING INTO SHARP QUESTION THEIR CONTINUED VIABILITY. THE QUESTION OF WHAT POLICIES WE SHOULD ADOPT IN REACTION TO THE SPEECH IS NOT AN EASY

ONE TO ANSWER. A PERSUASIVE ARGUMENT CAN BE MADE THAT TO TAKE DRASTIC AND PRECIPITOUS ACTION WOULD MERELY BE TO FALL INTO BHUTTO'S TRAP, AT THE EXPENSE OF OUR LONG-TERM REGIONAL AND STRATEGIC INTERESTS IN PAKISTAN. SUCH ACTION COULD ENABLE BHUTTO TO CLAIM THAT THIS "PROVED" THAT THE US WAS OUT TO GET HIM AND COULD SET THE STAGE FOR HIS TAKING MEASURES AGAINST US WHICH WE WOULD FIND DETRIMENTAL TO OUR ENDURING CONCERNS IN THIS COUNTRY. AT THE SAME TIME, WE CANNOT AFFORD AS A POWER WITH GLOBAL RESPONSIBILITIES AND A PROPER SENSE OF DIGNITY TO CONFINED OUR REACTION TO BHUTTO'S ALLEGATIONS TO PRESS STATEMENTS AND PRIVATELY DELIVERED PROTESTS. ALSO, WE SHOULD BE AWARE THAT BHUTTO, HIS OPPONENTS, AND THE PAK PUBLIC WILL BE WATCHING OUR REACTION.

3. IN POLICY RECOMMENDATIONS ENDORSED BY THE COUNTRY TEAM AND SUBMITTED TO THE DEPARTMENT A DAY BEFORE BHUTTO DROPPED HIS BOMBSHELL (ISLAMABAD 4194), THE EMBASSY RECOMMENDED THAT DURING A PERIOD OF CONTINUING BUT POSSIBLY SHORT-LIVED BHUTTO GOVERNMENT, WE SHOULD KEEP THINGS ON AS EVEN A KEEL AS POSSIBLE, AVOIDING ANY SIGNIFICANT DEPARTURE FROM ESTABLISHED POLICY, AND FOLLOWING A LOW-PROFILE, NON-"ACTIVIST" FOREIGN POLICY VIS-A-VIS PAKISTAN. WHILE WE BELIEVE THAT MANY OF THE RECOMMENDATIONS SET FORTH IN THAT MESSAGE CONTINUE TO APPLY, SOME SIGNIFICANT CHANGES ARE NECESSARY IN LIGHT OF BHUTTO'S ATTACK. SPECIFICALLY, WE BELIEVE IT IMPORTANT TO TAKE AT LEAST ONE ACTION WHICH WILL DEMONSTRATE TO THE GOP OUR CONCERN OVER WHAT BHUTTO HAS DONE. WE ALSO

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BELIEVE THAT IT IS IMPORTANT THAT WE CONSTANTLY REVIEW OUR ONGOING PROGRAMS IN LIGHT OF WHAT FURTHER ACTIONS BHUTTO TAKES VIS-A-VIS THE UNITED STATES AND OF ADDITIONAL EVIDENCE OF HOW HE VIEWS THE FUTURE OF RELATIONS BETWEEN US. WHILE THIS SUGGESTS THAT OUR APPROACH SHOULD BE TO SOME DEGREE REACTIVE, WHICH IS TRUE, WE SHOULD BE PREPARED TO HAVE AN AGENDA OF ACTIONS WE CAN APPROPRIATELY TAKE AS MATTERS DEVELOP.

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FM AMEMBASSY ISLAMABAD  
TO SECSTATE WASHDC NIACT IMMEDIATE 1317

S E C R E T SECTION 2 OF 2 ISLAMABAD 4385

4. MILITARY SUPPLY POLICY. WE HAD STATED IN OUR EARLIER POLICY MESSAGE THAT MILITARY SUPPLY IS A PRIME AREA WHERE WE SHOULD APPLY OUR POLICY OF NON-ACTIVISM WHILE AVOIDING DAMAGE TO OUR FUNDAMENTAL INTERESTS IN PAKISTAN. WE CONTINUE TO BELIEVE THAT THIS IS THE CASE FOR THE REASONS GIVEN IN THAT MESSAGE. WE ALSO FEEL, HOWEVER, THAT THE RECENT PRESIDENTIAL DECISION TO INCLUDE THE SALE OF COMMUNICATIONS EQUIPMENT TO PAKISTAN IN THE LIST TO BE SENT TO CONGRESS FOR FORMAL APPROVAL OFFERS US AN APPROPRIATE OPPORTUNITY I DEMONSTRATE OUR CONCERN ABOUT BHUTTO'S ACTION TO THE GOP. WE HAD ALREADY TOLD MFA OF THE DECISION, BUT HAD NOT OURSELVES PASSED WORD TO THE PAK MILITARY. WE WOULD NOW RECOMMEND THAT WE INFORM THE GOP THAT WE HAVE DECIDED TO OMIT THE COMMUNICATIONS EQUIPMENT FROM THE LIST BEING SENT TO CONGRESS. WE WOULD TELL THE GOP THAT WE ARE KEEPING THIS CASE UNDER HONTINUING REVIEW AND WILL BE LOOKING AT IT IN LIGHT OF EVOLVING STATE OF U.S.-PAK RELATIONS. WE ALSO RECOMMEND THAT OUR ACTION IN THIS REGARD BE MADE PUBLIC.

5. AID AND ECONOMIC ASSISTANCE. OUR PLANNED PROGRAM FOR THIS YEAR INVOLVES COMPLETING PREPARATION AND SIGNING AGREEMENTS FOR THE FOLLOWING PROJECTS: \$35 MILLION AGRICULTURAL INPUTS LOAN; THE 1977 POPULATION PROGRAM  
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(APPROXIMATELY \$1 MILLION); \$7.5 MILLION LOAN AND GRANT FOR PRIMARY EDUCATION; \$0.8 MILLION GRANT FOR THE DEVELOPMENT SUPPORT COMMUNICATIONS CENTER; \$8.5 MILLION LOAN FOR RURAL ROADS; \$5 MILLION LOAN FOR RURAL POTABLE WATER. NONE OF THESE PROJECTS IS LIKELY TO BE READY FOR NEGOTIATION WITH THE GOP FOR SOME TIME. WE RECOMMEND THAT PROJECT PREPARATION PROCEED NORMALLY, BUT THAT WE NOT BE EAGER IN PUSHING THE GOP TO SPEED UP ITS OWN INTERNAL CLEARANCE PROCESS ON THESE PROJECTS. AS PROJECTS REACH

THE NEGOTIATION AND SIGNING STAGE, WE WOULD PROPOSE TO REVIEW THE STATE OF US-PAK RELATIONS BEFORE GOING AHEAD. ZVR PROJECTS ALREADY UNDER WAY, IMPLEMENTATION SHOULD PROCEED NORMALLY. IF THENKNTI-AMERICAN ALLEGATIONS AND ATTACKS ON THE USG CONTINUE, WE RZKOMMEND THAT AT A LATER STAGE WE GIVE CONSIDERATION TO SUSPEND THE NEGOTIATIONS ANDHGISCUSSIONS WITH THE GOP ON SPECIFIC AID PROJECTS AS A FURTHER SIGN OF OUR DISAPPROVAL.

6. THE GOP HAS A REQUEST IN FOR 50,000 TONS OF ADDITIONAL PL-480 VEGETABLE OIL DURING THE CURRENT US FR CAL YEAR. WE HAD EARLIER STATED THAT ANY FURTHER PL-480 VEGETABLE OIL WOULD BE CONTINGENT ON SATISFACTORY PROGRESS TOWARD IMPLEMENTATION OF A VEGETABLE OIL STRATEGY AS WELL AS VEGOIL AVAILABILITY. THIS POSITION SEEMS TO US TO BE THE RIGHT ONE TO CONTINUE WITH.

7. A GOP CORPORATION HAS BEEN SOUNDING OUT EXIMBANK ABOUT FINANCING FOR SOME CONSTRUCTION EQUIPMENT. SINCE THIS IS BASICALLY A "COMMERCIAL PROGRAM, WE ASSUME WASHINGTON AGENCIES WILL BE DECIDING ON THE BASIS OF NORMAL COMMERCIAL CONSIDERATIONS. IF A POSITIVE DECISION WERE REACHED, HOWEVER, WE WOULD LIKE TO BE GIVEN THE OPPORTUNITY TO COMMENT BEFORE IT BECAME FINAL.

8. OTHER MATTERS. THE USG IS GENERALLY MORE INTERESTED  
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THAN THE GOP IN THE NARCOTICS PROGRAM. CONSEQUENTLY, WE SHOULD MOVE AHEAD WITH OUR NARCOTICS ACTIVITIES TO THE EXTENT THAT THE GOP IS WILLING TO DO SO. WE SHOULD ADOPT A SIMILAR APV OACH TO OUR USIS PROGRAMS. WE CONSIDER THAT OUR EXCHANGE PROGRAMS SHOULD CONTINUE SINCE THEY ARE A DE MINIMUS OPERATION, BUT WE SHOULD BE PREPARED TO REVIEW THIS DECISION TOO SHOULD BILATERAL CIRCUMSTANCES CHANGE.

9. HUMAN RIGHTS AND VISITS. OUR RECOMMENDATIONS IN THESE AREAS REMAIN THE SAME AS IN OUR EARLIER POLICY MESSAGE.  
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## Message Attributes

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**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009